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El Paso County begins process to possibly increase taxes for \$346M in medical projects

5-7 minutes

El Paso County Commissioners Court Monday by a 3-2 vote approved starting the process to possibly raise property taxes to pay at least \$346 million for proposed county medical-care projects.

Those [projects include a proposed \\$79 million cancer treatment center](#) and expansion and upgrades of several medical units at University Medical Center of El Paso and El Paso Children's Hospital, which are overseen by the El Paso County Hospital District.

Officials with UMC and Texas Tech University Health Sciences Center El Paso, which partners with UMC to deliver medical services, said the projects are badly needed to not only alleviate overcrowding in UMC's emergency, intensive care, and surgery departments, but also to continue to have the type of facilities needed to attract doctors and students to the Texas Tech campus. The campus, next to UMC, includes medical, nursing and dentistry schools.

"The resources we have now (at UMC) are inadequate to meet the

needs now. They're going to be affecting my ability to recruit additional physicians, and interfering with our ability to provide care as well," Dr. Richard Lange, president of Texas Tech's El Paso campus, told commissioners.



"This is an investment and somebody said it's brought to you all (commissioners) because you have both a fiduciary and moral responsibility" to make the decision, he said.

Funding for the projects would be paid for by a substantial increase in county property taxes. The financing mechanism could be through certificates of obligation, which commissioners can approve, or from general obligation bonds, which require county voters' approval.

Public mostly opposes proposal

Eleven of 15 people from the public at the commission meeting spoke against issuing certificates of obligation. Several said the issue should be decided by voters through a bond election.

Those against the certificates of obligation included

representatives of the El Paso Apartment Association, the El Paso Association of Builders, which represents homebuilders, and a hospital union. An El Paso Hispanic Chamber of Commerce survey found a majority of small business owners believed the proposed tax increase would damage their businesses, a chamber representative told commissioners.

Many people who signed up to speak either in person or by phone were gone by the time commissioners got to the public comment period during an hourslong session.



Funding plan vote set for Sept. 12

After about four hours of discussion, the court voted to publish a public notice indicating the court's intent to vote at its Sept. 12 meeting on whether to issue up to \$400 million in certificates of obligation for the projects. That date could be extended, officials said.

Jacob Cintron, UMC and County Hospital District chief executive officer, at a June 16 meeting indicated that \$400 million was put in the notice to provide flexibility if more projects needed to be added

later.

Commissioner Iliana Holguin, who voted against the proposal along with Commissioner David Stout, said she and many of her constituents want voters to decide through a bond election.

Stout said he didn't want to publish the notice until the public had more information. He criticized UMC officials for providing a vague plan for a public outreach campaign, which is to include town hall meetings in each of the commissioners' precincts.



County Judge Ricardo Samaniego said voting to publish the notice does not mean the court will vote to issue certificates of obligation. The public notice period provides time for the court to do its due diligence on the proposal, and then decide whether to issue certificates of obligation, order a public bond vote, or do nothing, which, he said, is not an option.

Cintron said his staff did not have enough time to get a public bond issue ready for a November vote, as Commissioner Holguin urged.

May is the soonest a vote could be held, he said.

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UMC officials are aiming to get approval to issue certificates of obligation in October because waiting until next year for a bond election will increase costs because of rising interest rates, they said. Also, if a public bond vote failed, UMC officials would have to wait a legally required three years before it could again ask for certificates of obligation, Cintron noted.

Interest rate hikes increasing costs

Recent interest rate hikes by the Federal Reserve System board has already increased the financing and property tax costs, said Michael Nuñez, chief financial officer for UMC and the hospital district.

The almost \$346 million in certificates of obligation would currently cost county taxpayers \$563 million over 25 years, with financing costs included — \$19 million more than UMC officials estimated in a June 16 presentation to Commissioners Court.

That would boost county property taxes to at least \$83 per year on a home valued at just over \$146,000, the average home value in the county in 2021, in the first 10 years of the debt, Nuñez said. He previously said that number would change to a \$40 increase per year in the last 15 years of the debt. He did not update that number Monday.

The financing costs are likely to increase further because the Fed board is expected to increase interest rates several times more in coming months, Nuñez said.

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